The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

DANIEL SZABO

Interviewed by: Charles Stuart Kennedy

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Q: Today is the 22nd of January, 2001. This is an interview being done with Daniel Szabo. It is being done on behalf of the Association for Diplomatic Studies and Training. And I am Charles Stuart Kennedy. To begin with, do you go by "Dan?"

SZABO: Yes.

Q: Let's start with the beginning. Tell me when and where you were born and a little about your parents.

SZABO: Well, I was born in Budapest, Hungary, in 1933. My father died when I was ten, of natural causes. My mother just died, at the age of 95, November 15th, 2000.

Q: What was the business or profession, or work your father was engaged in?

SZABO: He was in the textile business, ran textile factories. Of course, that was before I was born. He then owned a wholesale textile business.

Q: How about your mother? What was her background?

SZABO: She was a high school graduate, and then she trained in the making of clothes. She also, after World War II, ended up having a retail store, women's fabrics, on the most elegant street in Budapest.

Q: Did your family, your mother and father, get involved in World War I or not?

SZABO: Our family was Jewish. My father was an officer in the Hungarian Army in the first World War. We have pictures of him sitting on horseback. He was captured early in that war and spent a good part of the war in Siberia as a prisoner of the Russians.

Q: "Szabo." Is this a Jewish-Hungarian name?

SZABO: Like "Smith" in English.

Q: I was going to say, it's a very common name.

SZABO: I don't know what the name was previously. Probably when my father was younger, the name was changed, but frankly I don't recall what it is. Maybe I could take some notes. I could inquire about some of these names - my father's name before.

Q: Was your mother of Jewish origin, too?

SZABO: Yes.

Q: I haven't heard a lot about the Jewish community in Hungary. I've heard about other places.

SZABO: I will speak to you of the first... Before the war, there was a community of about 650,000 Jews in Hungary. I would say more or less a third maybe in Budapest and two-thirds were in the country, in small villages. That's where my mother came from. My father came from Budapest, and from the Hapsburg Empire days until after World War I, Jews were really the intellectual elite. They were predominantly in the professions; they were doctors, lawyers, professors, which is part of the reason there was so much anti-Semitism, after Admiral Horthy, who came to power as a result of suppressing the Communist regime after World War I. He came in on horseback. There were all kinds of limitations imposed on the Jews in the professions, government, universities, everything.

Q: As you grew up, did you feel this?

SZABO: Well, that's my story, and it makes it more interesting. I was born in 1933. My parents saw what was happening in Germany, and so I was brought up as a Catholic from the time I was an infant until we left Hungary when I was age 16.

Q: Of course you were born in 1933, which was a rather significant date.

SZABO: So, they thought that because I was brought up a Catholic, I would escape persecution. My sister was also brought up a Catholic. I went to Benedictine and Jesuit schools.

Q: This was a very deliberate decision then?

SZABO: It was a deliberate decision by my parents to avoid the problems. I remember after my father died, my mother felt I should be educated by men. They sent me off to a Jesuit boarding school in southern Hungary. I remember, it was in 1944 when the school system in Hungary closed down because the Russians were advancing. My uncle came and picked me up, my mother's brother. I remember on the train back to Budapest he told me that I would have to wear a Jewish star. In Hungary as in all the countries of Europe, you'd check in and check out with the police every time you moved. So I remember filling out the form at this school, this Jesuit school, and as I filled in my father's religion, I wrote 'Israelite.' So I had some inkling, but it meant nothing to me. I'd never had any Jewish education. Any religious training I'd had had been as a Catholic. So it was a shock when - how old was I?

Q: You were about 10 years old.

SZABO: My father had died in 1943, so it must have been 1944. So, I was 11 years old. Well, what happened first the family was moved into one of the apartment houses my uncle's family owned, which had the Jewish star outside. The Jews were moved in those places at first before being sent to concentration camps. We lived there for a while. In the meantime, my mother had obtained false papers for myself, my sister, for herself, and for her mother. And we spent the rest of the war with false papers, hiding.

Q: What sort of false papers were they?

SZABO: These are documents of Christian people, good people who risked their lives to do this. I was supposed to be a refugee from the southern part of Hungary. I don't know whether somebody who didn't exist, or died, or a real person. Posing as a Catholic was very easy for me; for that's all I knew. I had Jewish blood, but no Jewish knowledge. And I was not circumcised.

Q: Every male in the United States of a certain age, myself included, were circumcised, but the Europeans weren't.

SZABO: Of course the Germans, the Czechs. So I was safe, and I knew my stuff. My sister went into a convent for a while and my mother and her mother were in an other apartment house owned by our family. Not my family, my uncle's family.

Q: The Soviet Army... There was a major battle in Budapest.

SZABO: Well, that came later. Air raids began, with the English bombing Budapest in 1942. The British were able to fly at night. The American's didn't; they didn't have some key instruments. The British were bombing, and it so happened not too far from my house, there was the Budapest zoo. Next to this zoo was the Shell Oil Company refinery. They were trying to bomb it. And instead they bombed, strayed and damaged the building across the street. We lived in different places. My mother acted as an envoy. She went from place to place; to make sure we were alright.

Q: Did you get the feeling that this was a pretty temporary thing. That the tide of the war was going to come back?

SZABO: Not until the Russian troops came closing in, with constant artillery shelling in addition to the air raids from the Allies and the Russians. Then you began to feel that there was an end in sight, but I had no conception of the danger I was in. You know, I was eleven years old and for me it was an adventure. I was scared toward the end. My mother picked me up, and I said to her, "I can't stand this anymore." I was away from her, in another part of the city. And to show you how much courage she had to have, she walked to the apartment house where I was during the time of the bombing. On the way she tried to seek shelter in an apartment house next door to where I was. You know, in European houses, they had these outside portals the superintendent has to open up. Nobody would let her in. So she came into my apartment house, and when we came back there was no building lefnext door. She took me with her to the place where she was staying. Well, she and my sister came, too, until the Russian liberation.

Q: When you were in there - this is 1943, '44 - were the Germans quite apparent to the German Army?

SZABO: Oh, yes. During air raids we saw them walking as though there was nothing going on. Amazed how fearless they appeared. And they were being defeated; they knew it and everybody knew it. Actually at some time I befriended some Germans who were in the courtyard of the building I was in. The cook gave me some horse stew for my family. I also befriended some Russians later on.

Q: Did kids play "Nazis and Soviets?"

SZABO: No. There was no playing. Basically people were living underground in their basements for months. There was no playing. Nobody went out in the street. Some mothers or fathers went out to try to seek some food. But no playing outside.

Q: Did you have any sort of companions, kids your age?

SZABO: Not during that time. While I was in hiding, I was among strangers.

Q: Then what happened when the Soviet Army came?

SZABO: Well, for me, it was nothing. The women were in danger of being raped. I was 12, and my sister was 15. My mother had to hide her a couple of times to prevent her from being taken "to peel potatoes," as the Russians called it. Most women usually were raped.

I was not in danger. I remember this, though not in crucial detail, this old peasant Russian in the courtyard with his horse that was pulling something. And he was just standing there. And this wooden bucket for water for the horse, molding on the side. I remember giving the horse water first, and then he drank, from the same bucket.

Q: It's all quite dangerous to be in - well, anywhere, but particularly in a city because this... The Germans didn't just leave Budapest. They fought for Budapest, didn't they?

SZABO: The Germans were resisting, all the way. Actually the Russians broke through into our apartment house. Underground there was a way to go from apartment building to apartment building, breaking down walls between the buildings. That's how they managed it. The German front was a block and a half away. I remember one day two soldiers took the horse stew to the front two blocks away and only one of them didn't come back.

Q: Well, then, what happened when the Soviets took over?

SZABO: At first came the hordes. The cannon fodder from Asia. They were the ones who did the raping and pillaging.

Q: Called Tartars, or something like that.

SZABO: Right. They had machine guns with round magazines. Which were terribly inaccurate and millions of those people were killed. But after that came the more organized troops and the more civilized officers. And there was a period of looting: "[Russian phrase]." Remember that?

Q: Yes. "Give me your watch."

SZABO: Right. I remember some of them had, those peasant guys, had dozens of watches or kitchen clocks pinned to the inner lining of their overcoats. Never saw watches in their lives until they got to Budapest.

Q: But Budapest was the first sort of western, major city that the Soviets had taken. It must have been...

SZABO: Right. The Germans on retreating blew up all the historic bridges across the Danube. It only stopped the Russians for about one day. They built pontoon bridges and kept going. But it was an act of viciousness.

Q: What happened? Was there a period where life just sort of went on for awhile?

SZABO: Yes. Of course, the Jewish people, who remained, were safe. Practically all the Jewish people in the countryside were deported and exterminated. I would say maybe 100,000 were left, of the 650,000.

Q: Eichmann was, I think, very much involved in this, wasn't he?

SZABO: Right. So, what happened then? Then we were "liberated." We put our remaining belongings in some kind of a wagon, and my mother, my sister and I pushed the wagon back to the apartment building where they collected the Jews and put the Jewish star on the building. That's where my aunts and uncle lived. So we went back there, and that's where we stayed until we escaped in 1949.

Q: What about life when the Soviet Army had moved beyond? I mean obviously it was under Soviet control. Was there any great difference, or not?

SZABO: The most difference was that you were safe as Jews. The political situation changed gradually. The Soviet army was kept in the countryside. But the communist leaders who were in Moscow came back and joined the coalition government. There was a real democracy in 1946, '47, '48. And I even remember seeing American soldiers there. I don't know if they were with the American Embassy, but people loved Americans. The Hungarians were crushed when FDR died. And then gradually the Communist Party undermined the government, and eventually took over probably in late 1948, the beginning of 1949. That's when my mother decided we had to leave. So, there were efforts to indoctrinate adults to come into the Communist Party. And you had to have a Communist Party membership to do anything. My mother refused. Nothing happened very much.

Q: How were you able to live?

SZABO: Essentially, my mother opened this business. Well, first she went to the countryside to trade some fabrics for food. I think my mother was about this high.

Q: We're talking about a little over four feet tall.

SZABO: Maybe five. This woman put a backpack on her back and went to the countryside dressed in pants. I don't know how she survived, but she came back with something that I think weighed as much as she did, full of eggs and bacon and you name it. Then she ended up opening this store, a retail store which had women's fabrics and made clothing, which was handmade clothing for women. My sister worked there, too.

Q: How about you?

SZABO: I was a kid. The initial year was really very difficult. People had no food, no money. There was high inflation for a couple of years. Schools were a mess. The first year I think I went to some kind of a public school. I ended up going to the Benedictines for a year or two. Then I went to a technical high school, where one of my teachers was a guy who was a Nazi before and became an ardent Communist. We used to have arguments. So it was a good thing that we decided to leave. I was fifteen, and I couldn't keep my mouth shut. I didn't realize again how much danger I was in.

Then I think it's interesting. In terms of friends, the friendships that I formed were mostly during this period, 1945-46-47 ... as part of a group run by a priest. We were living near St. Stephen's Basilica, the main cathedral in Budapest. My two aunts had been ardent Catholics for years. The third aunt was an agnostic. So somehow they got in contact with a priest who had a group of boys and girls around him. We did puppet shows for kids, served at High Mass, and for me it became an ardent relationship with God, which I have never had since then. In these High Masses - you know, the Catholics know how to put on a show.

Q: Oh, absolutely.

SZABO: In High Mass, Beethoven, organ, orchestra, singers, incense, the lights, and that huge cathedral, that was unbelievable.

Q: Did you get any feel, or hear later, what caused you all to pick up and leave?

SZABO: Well, the entire credit goes to my mother. You know how in Europe the children mind their own business; the parents are the authority. Mother, with the help of a friend of my father's and hers, she decided it was time to go. First of all, the Communist Party started appropriating first factories then wholesale businesses. You could feel the footsteps. My mother had a feeling they were going to take her business. And I was heading toward sixteen and pretty soon I was going to be drafted into the Hungarian Army. So things were urgent. So what she did is she renewed her friendship with a childhood friend who was in love with her when they were children. H e was in the United States and became an American citizen. She corresponded with him, and he eventually came to Hungary and married her. It was a marriage of convenience. It was miserable.

I was never afraid during the war. I was afraid in the United States, because he was there. It was terrible. After he married my mother in Vienna, Austria he returned to America. In the meantime, my mother had to organize an escape from Hungary, because you could not leave legally anymore. You had to pay for it, smugglers. We couldn't leave from Hungary directly to Austria. You had to go from Hungary to Czechoslovakia to Austria. The Hungarian-Austrian border was mined and fenced. She had to organize the whole business. From Budapest we took a train to eastern Czechoslovakia to the border, and after we crossed the Czech border we took a taxi across to Bratislava, then walked across the Czech-Austrian border into the Russian zone of Austria.

I was at that time crazy about a girl in our group, who unfortunately got involved with an older guy (I was about sixteen, and he was about twenty) who was studying for the priesthood. So I decided I was going to run him down with my bicycle and instead I fell and broke my foot. At that time my mother was planning our departure. So that delayed the departure, but we still left. I had my cast on my foot as we were leaving.

Q: Did you have to go at night?

SZABO: It was first by train with a smuggler accompanying us. We left in the late afternoon. I had my cast on, it was a good disguise, as no one could expect someone to cross the border in that condition. The train took us close to the Hungarian-Czech border where we had to get off. By that time it was dark. A car was lurking around there and took us to the border. Then another set of smugglers, with other people who were already waiting, including a young baby who would not stop crying, took us across the border. And then we had to walk in these ploughed up fields (this was in July or August) with my leg in a cast, in this soft ground, for hours and hours and hours. We were supposed to stay overnight somewhere. But the police found our hiding place, so we had to keep going. We finally arrived in Czechoslovakia. We had to wait there for a couple of days until my mother arranged for a car that took us across Czechoslovakia. It was a beautiful sunny day as we were riding to Bratislava. Our second border crossing was also at night, from Bratislava. The man who had married my mother had an uncle there, but he was very nervous about harboring us, so after a couple of hours' rest, he said, "You'd better go." So the smugglers took us, first by street car to as close to the border as you could. Then we walked to this village where people were sitting on their porches on both sides. They knew very well what was going on, but they didn't do anything. Then we crossed into Austria.

Q: This is 1949. Czechoslovakia had gone Communist, too.

SZABO: Right. We were advised not to speak a word in Hungarian on the street car because that was illegal. You could not say a word in the street car; that would give us away.

Q: Well then, what happened in Austria?

SZABO: First, the smuggler was caught and somehow got out. We had to hide by the roadside while smuggler found a car for us. We were hiding beside the highway, seeing the Russian soldiers in trucks going towards Vienna. We were hiding in the bushes on the side of the road, bitten by mosquitoes. And my sister and I both said, "Well, let's just give ourselves up and go back to Hungary." My mother said, "No." So the smuggler and a taxi driver finally came, and somehow we had to go past a Russian checkpoint. We were in the Russian sector of Austria at the time. We had to cross into the American zone. The Russian soldier looked in and nothing happened. I don't know why. But then we were free, once we were in the American sector. We went to the Rothchild Hospital, which was a refugee center, run by tough Polish Jews.

Q: What happened there?

SZABO: My mother was able to go to the U.S. fairly soon thereafter, as a dependent of an American.

Q: To go to America?

SZABO: Right. And six months later we were able to get our visas as her dependents. In the meantime I was there, and it was very interesting. People at the refugee camp had been waiting for years, since 1945, to go somewhere. I remember this old man sitting on his bed. Most of us slept because there was nothing to do, just waiting. Outside the hospital, was the black market, you could buy anything you could conceive - false passports, American cigarettes, watches smuggled from Switzerland. So this man (I'm just mentioning it because it's so vivid in my mind) sitting on this bed showed me numbers tattooed on his arm and a piece of soap made of Jews. He was in the Auschwitz concentration camp.

Q: He had a tattoo.

SZABO: Yes, and he showed me this piece of soap, and told me about it. Which didn't mean anything. I mean it was so horrible, so inconceivable.

And on Sundays I went to the Hofburg, the Royal quarters. Do you know it?

Q: No, I don't.

SZABO: Inside there was a chapel, which was the center of Viennese culture. On Sundays there was High Mass. And everybody came there: the Americans, Russians, Germans, and British commanders used to come there and there were Mozart and Beethoven Masses.

Q: The Vienna Choirboys.

SZABO: Yes. So we went to concerts, opera. Worked, had a job in the Russian sector, helping a chemist make soap. Then I worked for a jeweler who was making false jewelry, antique jewelry, phony antique jewelry, from silver. I had to punch out little pieces of silver and then I'd put them together and then the jeweler put them in acid. And they sold them as antique.

Then finally in June we left, once we got our visas.

Q: June of what year?

SZABO: June of 1950. We had to fly to Munich, because it was not safe to go on the ground. Because you had to go through the Russian zone. The center of Vienna changed hands every month: American, French, British, Russian. So, when it was under the Russians, you never went to the center of the city. The other sectors, like where I was living, were permanently American, or permanently English. But not that first district. We flew to Munich. And I saw Munich. I remember going from the airport to the train station by taxi. The whole city was flat! Absolutely flat. There was not a stone on top of another as far as I could see. It was bombed to smithereens.

In Munich we got on the Orient Express. The first class compartment, where we sat, we encountered our first GIs. They had their boots on the top of velvet seats, drinking Coke. That was my first impression. We arrived in Paris, we had to wait there a month until the plane flew us to New York. The Flying Tigers Airline. You've heard of the 'Flying Tigers?'

Q: Oh, yes. Chennault started the thing after the war.

SZABO: Right. The American-Jewish Distribution Committee paid for everything, stipends and staying in the hotel...

Q: As you got into being picked up by the Jewish organizations like HAIS and others-

SZABO: The American Jewish Distribution Committee.

Q: I was wondering whether you were being moved within a Jewish-

SZABO: It was, as I said... I had a personal relationship with God at that time, in my early teens. And gradually that sort of started to erode. I mean I still went, more or less, every Sunday to church, and gradually less and less. I thought it was funny being financed by a Jewish organization. I knew I was born Jewish. And anyway they flew us to New York. On July 5, 1950, the day after the Fourth of July.

Q: Oh, yes. By this time, you were about seventeen years old.

SZABO: Right.

Q: Your mother was there.

SZABO: My mother was there, married to this guy.

Q: You said it was an unhappy marriage?

SZABO: Yes. They were totally incompatible people. He was a quote, an ardent Jew, a Mason, a socialist, a guy who was very sick. He had epileptic episodes. He couldn't hold a job. He hated blacks. Everything was wrong with him. It was very jarring for me to be confronted by this guy who was more of a working class. I considered my family upper middle class. Everything was wrong. He had to deal with a young boy (me) gradually, softly. One can push him to Judaism, which I eventually did, but not because of him.

Q: How about education? You didn't speak any English?

SZABO: Not a word. So summertime I had to go to work. In the garment district, the Masons found a job for me with a foreman who spoke German. I spoke German; I had picked it up in the streets in Vienna. I didn't speak a word (of English). So that was July and August. Then came September, I was enrolled in a public high school, in the Bronx, right away. And I don't know how I survived the first year, but by the second year I was in advanced English class. My first year I kept writing stories of my escape. I lived on it for months!

Q: Did the high school students show any interest?

SZABO: Well, I don't remember much about the school. In my neighborhood, fortunately there was a girl who lived in our apartment house who was of Hungarian origin, who spoke Hungarian and English, an American girl who was of Hungarian parents, and she became my interlocutor with the other kids on the block. And I was afraid they were going to make fun of me. I was pretty handsome at that time, so the girls liked me. I had lots of hair, and I was thin. Anyway, so I had no problem with the kids in the neighborhood. I don't remember any relationships in the school itself. Just friends with the guys and girls in the neighborhood.

Q: How about your sister? What was she doing?

SZABO: My sister moved out of that house in the Bronx fairly soon after. And I think she worked-

Q: She was in her 20s by this time.

SZABO: She was twenty, three years older than me. I think she worked again with dressmaking. Sometimes with my mother and sometimes on her own.

Q: Was your mother back in the dress business?

SZABO: Well, you know, her English was poor at that time. She was born in 1905, so she was 45 years old. I thought at the time she was old. She worked in a textile business as a cutter first. And then she ended up working in a bakery of her husband's family, who were childhood friends of hers, too. Sort of helped her when she got in trouble with her husband; they usually came to the rescue. She worked in a bakery for a while, then worked in another bakery. She ended up working as a civil servant in New York City. As a result, she had Social Security and a City of New York retirement.

Q: Now by the time you're really getting to do English and all, you're eighteen. And I guess you graduated from high school?

SZABO: In 1953, and then I started at City College.

Q: City College of New York, 'CCNY?'

SZABO: CCNY. In those days you had to have a B plus average to get in. I wanted to be an engineer. So, I started studying engineering. My science background was very poor due to my much interrupted education in Budapest.

Q: I was going to say, you probably didn't have-

SZABO: Lousy education. My education was all a shambles. No foundation. So, after two years, I felt engineering was hopeless. I couldn't keep up, and I switched to government and politics and economics. That one semester I didn't have a full fifteen credits or whatever the full course load was. I was drafted. I was scared but I was delighted, because I was escaping from the apartment. By that time we moved from the Bronx to Forest Hills, where the other people of his family lived, the sisters and brother of this man. And I basically never went back.

Q: You served in the military two years?

SZABO: 1954-56.

Q: What were you doing?

SZABO: Went for basic training to Columbia, South Carolina, first. I spent my whole two years there. After basic training, I became a supply sergeant. Out of the entire company of trainees, one platoon out of four were eligible for Officer Candidate School, OCS. But none of us, all turned it down. We passed the OCS exam. I was not going to stay a minute longer than was necessary to get out this place. So I basically, I said, "No," and I ended up as a supply sergeant, in the same company I trained in, and I spent my two years there.

Q: How did you like the military?

SZABO: Well, I loved the basic training. I ended up as some kind of a student leader. I loved it. The rest of the time, from that point on, I waited every day to get out. I tried to not get into any trouble and got out the first minute I could.

Q: Well, I imagine, too, for a boy who had lived in Budapest and then New York, and then Columbia, South Carolina... In those days, it was the real South.

SZABO: You're telling me! I mean, I took some courses at the University of South Carolina in the evening. I remember a professor proudly showing me the bricks of some of the walls outside of the school were built by slaves. The bricks made by slaves. And you could see the shells, in Sherman's army, embedded in the walls of the capitol.

Q: My grandfather was an officer in Sherman's army. He probably took care of Columbia.

SZABO: Probably some of his kind. They had them all marked. They had this radio program, I remember. Some minister was being harassed, because, of course, he would not shut up and started agitating for civil rights. This was 1955. I remember the story of the radio-talk of 'what should we do with this guy?' He left finally. He shot back at the people who shot at him in his house. The listeners who called in said, "He should come back, and we'll give him a fair trial, and put him in jail where he belongs." That was the mindset.

And my wife worked in a dry cleaning establishment. Oh, we got married in the meantime, six months before I left the service. They normally ship you overseas, you know the Korean War was coming to an end. And she came down. We got married in 1955. And she came down.

Q: What's the background of your wife?

SZABO: Brooklyn Jewish family. Her father was a plumber. My mother-in-law's brothers were lawyers and judges. Very nice people. And of course they were all Jews. They must have been horrified when I asked their daughter for marriage, because I didn't have a penny to my name. I only did two years in college; I had no future. That's when my going back to Judaism began. We got married in the fall in a reformed synagogue and gradually I eased into Judaism, and I am very happy that I am Jewish.

Q: There was a very vibrant Jewish community, wasn't there?

SZABO: In New York, or in Brooklyn?

Q: In New York, Brooklyn-

SZABO: Yes. I was not involved in any religious activities to speak of, except for High Holidays, and at my wedding. My father-in-law was quite religious, but I wasn't.

Q: You got out of the Military. This would be January 1956. What were you planning to do? You were married...

SZABO: Go back to college, finish my college, which I did. I had the G.I. Bill of Rights. My wife worked as a textile designer. She was a teacher, she had a degree in education. Then I got a scholarship at SAIS (Johns Hopkins School for Advanced International Studies) in 1957, and came to Washington. After I finished college, and I went to graduate school in Washington. We moved down in 1957.

Q: You went into basically government, politics, or what was it called?

SZABO: Government and politics. International Relations.

Q: Then you went to Johns Hopkins School for Advanced International Studies, 'SAIS.'

SZABO: That's right, here in Washington. And the area I picked was Far East and Southeast Asia. I learned how to speak Indonesian. I can't speak one word today.

Q: What put you into that particular area. There was no desire to go back to your roots and that sort of thing?

SZABO: No, no. Actually my feeling was that I wanted to have nothing to do with Hungary. I'd had nothing but pain all my life there. Air raids, Nazis, Communists, my father dying, everything. I softened later, but at that time I said I wanted nothing to do with Hungary.

Q: Did the failed revolution of 1956 in Hungary and the outflow of refugees affect your family at all?

SZABO: I was then in City College, and somehow I got a job at the World University Service. They had a contract with the government to interview the escaping college students, because many of them left without any records. And you know we got the cream of the crop. Third-year medical students, engineers. I mean, the best. And at the time, in typical American fashion, there was an outburst of feeling sympathy. There were ten full scholarships at Notre Dame, Harvard, Yale, MIT, the best schools that most people don't have the basis to aspire to. And my job was to interview them and to fill out their academic records. Then they were sent off to English language training for six months. The University of Notre Dame gave scholarships to the Hungarian fencing team, which ended up representing the U.S. in the Olympics.

Q: You never really were part of the Hungarian refugee community.

SZABO: No.

Q: Sometimes it's a big job adjusting.

SZABO: Not for me. After, when I came to the United States, I had nothing to do with Hungarian groups in the U.S.

Q: Sometimes it's a real task to break away from it.

SZABO: That usually affected the older generation. My uncle, my mother's brother, had a stepson. And he was involved. He was the same age as I, he was very involved in the Hungarian community. But I would have nothing to do with it.

Q: Well then, you went to SAIS. Did you have anything in mind?

SZABO: Government service. I was very idealistic, and repaying the country that gave me safety and work for society was important for me.

Q: How did you find SAIS?

SZABO: I applied to three, four, five graduate schools, and they offered me a scholarship. I got a scholarship for one and a half years, plus the G.I. Bill.

Q: When you were in Southeast Asian Affairs, what...

SZABO: China and Southeast Asia.

Q: What was this? Just to make sure you weren't going to get back, or was this a real interest?

SZABO: No, I had developed an interest.

Q: You went to SAIS for how long?

SZABO: Two years. 1957 to 1959.

Q: Then what?

SZABO: The day after I graduated, I had a job at U.S. Tariff Commission. It's now called International Trade Commission, but then it was the U.S. Tariff Commission. As an international economist.

Q: Oh, as an economist. Had you concentrated very heavily?

SZABO: No, I hadn't concentrated. I concentrated then on diplomatic history and economic development and international trade. It was that kind of work. I took some economics courses in City College.

Q: Well, the tariff commission... Of course, tariffs are international...

SZABO: Well, their job was to investigate in case of an American company that applied for protection injury, due to imports. The Tariff Commission's job was fact finding, and then other people in the U.S. Treasury imposed increased import duties.

Q: They were sort of the enforcers and you were the

SZABO: We were the investigators and I was in the Economic Department. I remember being involved in maybe in one investigation. I couldn't stand it. I was there for one year and half the time I was looking for an alternative place to work.

Q: I would think it'd be a, it doesn't sound like something that's very, if you have real international interest.

SZABO: In those days, the investigations involved international business, international trade. We started doing studies for the Kennedy Round, with economic product studies.

Q: The Kennedy Round, it was the beginning of breaking the tariff barriers.

SZABO: Yes. I met a friend there, with whom I argued a lot, about Eisenhower versus Kennedy and he's still my friend today, almost 42 years later.

Q: That's wonderful. So what were you looking at?

SZABO: I was trying to get a job in the Far East area and I found a job, in the Commerce Department. After working in Tariff Commission, I was hired as the Vietnam-Cambodia-Laos desk officer in the Commerce Department, at the time of the Vietnam War.

Q: By the time you got there, was it still a backwater?

SZABO: '61, '62, pretty much so.

Q: Particularly Laos and all, beginning to come on the front

SZABO: My job was to write pamphlets for businessmen on how to do business in these countries. We did this to promote trade and investment. That job was to write publications and advise business. Of course, the only business there was was in Vietnam. The U.S. financed an import program to generate counterpart currency to provide revenue for the Vietnamese government.

Q: So how long were you doing that?

SZABO: From '61 'til '63. By that time I wasn't enjoying the work. It was such a miserable job. I probably learned things in the beginning which was helpful. It was also a place for old men. There was a bunch of young guys there and some of them left fairly promptly.

Q: The Commerce Department has had, I'm speaking from a Foreign Service perspective, people I've dealt with, particularly in those days, a rather dismal reputation.

SZABO: And deservedly so. There was a constant fight between Commerce and State about jurisdiction in the trade area, I remember this. But of course I was too junior, I wasn't involved. I was writing my publications and so on and I was miserable. Fortunately, I maintained a friendship with one of my professors at SAIS. I kept in touch with him after graduating from school and told him how miserable I was in Commerce. "I'm miserable, I can't stand this, I don't know what I'm going to do." I didn't know what my options were.

Q: You had a family, children and all?

SZABO: In 1960 my daughter was born and then 1963 my son was born.

Q: You've got responsibility.

SZABO: The day after graduating SAIS I was working. That's how it was in our day, when we were young, not just exploring yourself. You just went to work right after graduation. So it turns out that one of my SAIS Professor's other students, a man named Herbert Bliss, was leaving U.S. Senator Jacob Javits' office. When I heard that, you cannot imagine, from total despair to euphoria. To work on the Hill was absolutely my dream. And to get a job on the Hill, it's impossible, it's practically impossible.

Q: You have to come from the state and you have to

SZABO: Either that or having connections. I was interviewed by the staff and then by the Senator and he liked my background, I'd suffered during the war. He was a very interesting person. While he had a lot of rich friends, heads of corporations, he never lost touch with his past, which began on the lower East Side. His family was dirt poor. He and his brother used to sleep in the same bed because that's all they had. So it was my experience and the fact I went to SAIS. If I didn't go to SAIS I don't think I would have gotten the job. The Senator also wanted somebody who had some work experience, not too much but still fresh enough. So the next six years

Q: This was '63 to '69. Very, very significant years, too, particularly in the international field.

SZABO: And, of course, it was the Kennedy time. I wasn't there for very long, before he said, "Okay, write me a speech on the Kennedy Round." Which I did with help from the Congressional Research Service. So I spent the next six years, writing speeches on East-West trade, balance of payments, the two-tier gold system and Latin America. I mention Latin America because as a consequence of my time with the Senator I became a "Latin American specialist". From that point on 'til the end of my career, in '95, I became a Latin American expert.

Q: Let's talk a little about, Senator Javits, he was a liberal Republican, highly respected, certainly, by those in government and all that, from New York. Why were you doing all this sort of economic type international

SZABO: Even though he was 63 he was still fairly junior in the Senate. He'd just finished his first term and he just started his second when I joined his staff. He was on a number of committees but he was interested in domestic economic affairs, international economic affairs and Latin American economic affairs. So I became his economic guy, handling those subjects. I handled the Joint Economic Committee for him, his role in there and I wrote speeches on Latin American affairs that interested him, on the economic side, and then I ended up writing all kinds of speeches on economic subjects.

Q: Latin America had a bit of attention in those days, Alliance for Progress and

SZABO: His interest came from, I guess, his brother brought him up, his older brother, Ben, somewhat a weird guy but his belief was to promote the private sector in the public interest. That was Javits' motto. He believed that you should use the force of the private sector to help the public sector, domestically and internationally and in Latin America. So what he ended up proposing, before I came there, was ADELA, the Atlantic Community for Latin American Development. The idea was to stimulate the flow of European and American investment to Latin America, at a time of highly nationalistic attitudes towards foreign capital. ADELA was just starting to get into existence when I came.

Q: Well Latin America at the time, it was pretty much in the rule of military types and

SZABO: And economic nationalism. It was burning economic nationalism.

Q: Brazil, particularly, it still has it but

SZABO: Argentina, too. So I started writing speeches on all those subjects. On domestic issues, on the president's budget, on domestic and international subjects that interested the Senator at the moment. Also on Latin America, the Alliance for Progress and things along that line.

Q: From your observation, sort of inside, how was the, with the Senate, was there, on international things, obviously Vietnam was straining things a great deal. Did you feel that?

SZABO: Senator Morse used to rant and rave, after the completion of Senate business. As soon as people saw him coming they all left. Wayne Morse of Oregon, and Paul Douglas and Stennis and Eastland and Fulbright, who hated Javits by the way. Whether he was anti-Semitic or thought that Javits was too pushy, he was bright and was not afraid to take on any of these lords of the Senate like Russell and Stennis, all of these people, none of the other Senators dared to take them on. Not in debate. He used to drive them nuts. He was good.

Q: You gave an inch and he took a mile.

SZABO: He had absolutely a first class brain.

Q: How did you, did Javits' staff get involved in this at all?

SZABO: What?

Q: The Vietnam thing.

SZABO: Some other people were writing his Vietnam speeches. And it's interesting, for whatever reason, it's not clear why, he was a defender of President Johnson, in fact to the last minute. I think they brainwashed him. He went to Vietnam and the military gave him the treatment and he came back, he actually said, "We can win this war!" And he believed it. I remember having a dinner meeting with him at Duke Zeibert's, with the staff, "What should we do about Vietnam?" You know the name Les Gelb? He's now president of the Council for Foreign Relations.

Q: At one point he was a political-military writer for the, was it the New York Times?

SZABO: Yes, he was editorial writer for the Times. Half the day he used to pitch softballs into a wastebasket while at Javits. But anyway, the group tried to convince him that was the wrong policy. One of the women, who became an editorial writer for the Washington Post, "My brother is there," she said, shedding crocodile tears. And he buttoned his jacket and said that, "I cannot afford your kind of thinking. I'm a member of the board of directors of this government. There's only one president. I just can't come out against him." He was old fashioned. And eventually he came out but he was among the last ones. By the time he came out against it, it was basically a majority opinion. But he had to be careful because the Republicans thought he was a pinko and to support, he had to be careful.

Q: Did your staff, Javits' staff, work with other staffs or were you each sort of working on your own the whole

SZABO: No, no, no. Javits ended up being one of the major figures on the Civil Rights Act of '64 and Javits' staff was intimately involved in concrete details for the Republicans who were leaders of the civil rights legislation. We worked very closely. The staff people actually got that bill through. Very close cooperation with certain senators of like mind.

Q: Going back, you were gradually getting more and more into the Latin American thing or

SZABO: Yeah, I ended up writing one speech after another on all this. ADELA, by the time I got there it had an organizing committee of people like David Rockefeller, George Moore, chairman of First National Bank and they started taking it over, so I had nothing left to do. With Javits the way things worked is that at first you were on probation until you got his confidence. Once you got his confidence he comes back with, "I want you to write me a major speech on X." He gives me three or four months to write it. Then he looked at a draft, he looked at page one and two and that's it. I was supposed to write speeches a bit like a New York Times article: key points first and supporting stuff later. So he didn't care about the supporting stuff, as long as he thought the initial ideas were okay. I sometimes proposed to write a speech on so and so and he said, "Yeah, let's do that" or he would come and say, "I want you to write a major speech on such and such." But you had access to everybody, to the best brains in New York.

Sometimes he had, people like Paul Volker, who was then the chief economist of one of the banks in New York, or Roy Rierson of the Bank of New York, write a speech on the two-tier gold standard we were proposing, insulating official gold and cutting privately held gold free. The administration was having fits. They attacked it publicly. Of course, four weeks later, that's what they ended up doing.

Q: What about relations with the State Department?

SZABO: Excellent. Very smooth. There were speeches of all kinds. I remember calling up State requesting assistance. After a while, people who stay too long on the Hill think these people quake at the other end of the phone because they're calling. They quake because Senator Javits asked me to call. "Call the assistant secretary. I'd like to have a speech on ..." "Sure!" Or I'd do a draft and call up one of the vice presidents for Latin America of First National City Bank in New York and say, "Could you write a speech for him on X?" and they would do it. But he had very close relations because he was very helpful to the State Department.

Q: One of the complaints about the State Department over the years has been that if often doesn't answer Congress.

SZABO: Well, not this kind of request. There is a tremendous lack of understanding on both sides. The people on the Hill think that these guys are nothing or prejudiced or pro-Arab. They have these labels. And then people in the State Department are absolutely terrified of a call from the Congress, totally paralyzed. The congressional liaison office, they're comfortable because they have these all the time. Of course, they're cynics and they know. So it was a total lack of understanding on both sides.

Q: You mentioned that our Arab-Israel policy has been a thorn in everybody's side for a long time and it's a very difficult one. I would assume Senator Javits was 110 per cent for Israel and all, or not?

SZABO: I didn't follow it closely, but I would say so. Not 110 per cent but certainly he was a very strong supporter. Politics

Q: Well, coming from New York

SZABO: Politics required it.

Q: We now have a new senator, Hillary Clinton, from New York

SZABO: And you know what, she's done it before. She's going to be for Israel and she's going to be for international trade. New York City needs trade, both ways. So, free trade and Israel and a number of other things which are necessary for New York.

Q: Did you get any feel, or were you pretty much a Washington man, for the New York side of the senator's office, constituent help and all that?

SZABO: What is your question related to that?

Q: I was wondering, did you get, a senator also has the big issues but he also has to make his voters happy.

SZABO: Each staff guy, in his area, was responsible for casework. Although there were caseworkers, who had no substantive job but helped solve problems.

Q: You must have had quite a few trade complaints and that sort of thing.

SZABO: Yeah, sure, all the time and he was usually on the side of importers. I remember shoemakers came down from upstate New York, little fifty-man operations, the guys had their entire capital tied up in this. They're complaining about shoe imports from Brazil and from Italy. It was killing them and they wanted to have his help. He actually talked to these people who were suffering and put shoes side by side, "It cost me fifty dollars. They come in at ten from Italy." It was very hard to look these people in the eye. But he was, most of the time, he was supporting imports. Of course the evidence pointed out that the shoe people in upstate New York had a number of problems. Imports were only one marginal problem. The problem was they competed against the huge conglomerate shoe manufacturers who were killing them. And the imports were killing them, too, on a small scale.

Q: You were doing this with Javits until what?

SZABO: Until '69.

Q: '69?

SZABO: Nixon came in in November '68. By that time I felt that, my role was idea man, in the field I was operating in. His political people thought Javits shouldn't waste his time in economics, it would never get any votes. The measure of success in the Javits office was newspaper articles, the New York Times and I got him in all the time on these subjects. So I was his, he liked me a lot and anyway

Q: Where did you go in '69?

SZABO: I was taking on too many projects and I had less and less time to work on new ideas. So pretty soon I felt that I outlived my usefulness. I hated to leave but I said to him, "Look, I've got to go. Maybe I can get in the Executive Branch, Defense Department or State Department, I was interested in international affairs always." So I asked him to see if he could help. His rule was, "I'll help you, one job after you've worked for me. That's it. Don't come to me a second time." And that's how I got to the State Department.

Q: I would think, too, that working at your level for Senator Javits was very heady but also you had to watch Senator Javits come in every day and you wonder "If he gets hit by a taxicab or something" losing a. Second point, you're like a cork and then all of a sudden you're out in the field and it's not that easy to get in it.

SZABO: Exactly and what I did, actually when I was leaving the Commerce Department I remember the division chief who I was working for couldn't understand, why would I leave the safe civil service. I was just about to become a grade nine level. How could I leave that for an uncertain future? At that time, I was thirty years old, security wasn't my goal. My goal was do the unorthodox and enjoy my life. And I had a ball. I had migraine headaches from the stress but I had a ball.

Q: How did you find your job in the State Department?

SZABO: How did I get it? Well I gave Javits a list of things I was interested in and he made some phone calls. Elliot Richardson was number two in State at that time. Jonathan Moore, who was his right hand man, before and after, I did some kind of favor for him, I wrote some kind of speech for him, for some purpose. So I worked with him, too and kept asking Javits, "Have you talked to Richardson?" So eventually, through Richardson I got the job.

Q: And what was the job?

SZABO: Deputy assistant secretary for economic affairs in ARA.

Q: Dan, before we move on, you wanted to say something about your family name that went back.

SZABO: I think you asked me a question about my name and I talked to my son who is doing some kind of family research. Anyway, according to the documents we have found in my mother's apartment in '98, my father's name was also Szabo in May 1929 when he got married to my mother. That's on the wedding certificate and my father's father's name was also Szabo at that time. But I recall that somewhere along before then, somewhere in the Twenties, he changed his name from Gansel.

Q: Which would, in Hungary at that time would have identified the family as Jewish and this was, as so often happens, you want to obscure the fact or something like that. There's nothing easier, 'cause it seems like everybody's either Nagy or Szabo.

SZABO: Szabo is like Smith in English.

Q: Okay, you were there, '69, as deputy assistant secretary from when to when?

SZABO: From May of '69 until sometime in the summer, June of '74.

Q: And your title was?

SZABO: It was deputy assistant secretary of state for Interamerican affairs.

Q: This was the incoming Nixon Administration. I know when the Reagan Administration came into Latin American affairs, back in '83, particularly in Latin American affairs, it was a bloody mess. It was a real, you might say hostile takeover.

SZABO: By the way, in Latin American affairs it's always a bloody mess.

Q: Yeah. How about this time?

SZABO: It was also a bloody mess, because before then was the Vietnam War and the Johnson Administration ignored Latin America because everything else was more important. So when I came in, Latin Americans felt neglected for years.

Q: I'm really talking more sort of at almost the administrative level within the State Department, because when the Reagan Administration came in in '83 it was hostile. In other words they were going up to the, I think Bowdler or something, he was the assistant secretary and telling him "You've got to be out by lunch" and things of that nature.

SZABO: Well, I don't know. I'm not familiar with that. But remember Bowdler was there even the time I was there. Those things happen.

Q: I'm just trying to capture the spirit.

SZABO: By the time I came, Charlie Meyer was the assistant secretary and he was already in office. John Crimmins was the principal deputy.

Q: Well, the place had been neglected, basically. This wasn't "the policy was dead wrong" which I think, the right wing of the Republican Party had felt that "We could do something in Latin America."

SZABO: What year are you talking about?

Q: So now we're talking about '69, when you came in. What did your job consist of?

SZABO: Well essentially I was involved in economic issues, regional economic issues. I didn't work on specific country issues. There were some times, things like the disposal of tin, which impacted Bolivia, but generally speaking I was involved in trade issues and inter-American economic relations, which were very rocky at the time.

Q: The Johnson Administration had carried on to a certain extent with the Alliance for Progress, but had that died by the time you

SZABO: Well, it's interesting you mention the Alliance for Progress because I worked for Senator Javits during that time and I wrote actually an article under Senator Javits' name in Foreign Affairs, to coincide with the summit meeting which Johnson attended in Punta del Este, Uruguay, proposing that in exchange for, well, the proposal was that the Latin Americans combine into a Latin American common market, in exchange for which U.S. aid would be conditioned on that cooperation and the U.S. would form a hemispheric free trade area with them. We hoped that would come up during that summit but it didn't. To this day, there's still no Latin American common market. When there will be, MERCOSUR will be the heart of anything that may happen down the road.

But the Latin Americans felt neglected during the Johnson Administration. I know that because for my first assignment was, pretty soon after I was sworn in, to represent the U.S. at the Inter-American Economic and Social Council meeting in Trinidad. And the Latins just came from a summit of theirs with a list of non-negotiable demands against the United States, all these things we have to do for them. I remember I sat down and they said, "What are you going to do about this?" I said I didn't know. And we hadn't formulated a policy yet. At the time, 1969, the usual National Security Council exercise for formulating a new administration policy was underway. So we had no policy yet. So I was battening the hatches.

Q: Someone comes up to you, non-negotiable demands, this is the sort of thing where you say, "Uh huh" and

SZABO: Well I was not very diplomatic. Even though I spent all of my professional career in the government, I was not the diplomatic sort and it really tried my patience. Fortunately, the Bureau had assigned to me a very nice senior diplomat, Doug Henderson, who has seen this before and he calmed me down so I didn't get swallowed up in the tide.

Q: Did you get any feel for the early, it was a battle which was won rather quickly, by the National Security Council versus the State Department? Was Latin America not within the, this was Kissinger's NSC.

SZABO: No, interestingly, during '69, Kissinger was not playing a dominant role. There was a National Security Council representative on the interagency group, chaired by State, who handled Latin America, Arnie Nachmanoff. He was in all these NSC groups that start at the assistant secretary level and gradually goes up and up and he was very collaborative. Kissinger was not in the picture. Latin America was too unimportant for him. He was worried about the Soviet Union, China, Europe. So we didn't feel that. We had a good relation with the NSC, because Arnie was a very intelligent man and later on it was Pete Vaky.

Q: What was your order of priority, in your job, that you felt you had to deal with, as you took the job in '69?

SZABO: It became very clear that the bulk of my time will be the formulation and presentation of U.S. policy towards the Inter-American Economic and Social Council, where a lot of these ideological battles were fought between us and the Latin Americans. What I have to go back to is the formulation of policy in the interagency group of NSC. It was the usual thing and I can still remember sitting around the conference table and there's this four star general from Defense and a Commerce Department guy and everybody and his uncle was sitting around there, all putting their two cents in. And one of the things you have to remember, that one of the first question asked in any of these type of exercises, is what is the overall U.S. national security interest in this region? As soon as you say "Minimal" the rest means that there will be no significant concessions to that region, because there's no interest to defend.

The only interest we had at that time was the Panama Canal and the Gulf of Mexico. The U.S. Navy worried about Soviet submarines. So nothing south of the canal mattered to the survival of the United States. Elliot Richardson was the Deputy Secretary of State at the time, with whom we tried to discuss Latin America, to make him a friend. He was very objective and to me the ideal public servant, brilliant, no angles, just an objective mind, he said, "Well, tell me, why should we care? What if we lose Latin America?" And we had a hard time. We went over economic relations, commerce relations, cultural relations. He saw a tie but none of that in terms of the Cold War, in terms of national survival.

So as soon as the exercise came to the conclusion that Latin America was not a vital concern to the U.S. national security, that essentially defined our relations during the time I was there. Because that meant that in trade relations our principles are governed by the international trade framework. We're not going to make exceptions just for them. Bilateral U.S. aid was limited. Of course, there was Latin American economic nationalism. Well, we're not going to let them expropriate American property without compensation. So there was very little maneuvering room.

There was some. Out of this exercise, in the middle of which Nixon sent Nelson Rockefeller on a mission to Latin America, so we had to stop, wait 'til they did their thing and came up with their report and we had to try to marry their stuff into our stuff. And finally we had a Latin American policy and Nixon came forth with his "Halloween" speech, October 31st of '69. Amid great expectations we announced our "more mature partnership" policy. The more mature partnership basically came from the White House, Pete Vaky, who was the senior NSC guy for Latin America and the idea was that we had dominated Latin America too long and we were too heavy handed. What we had to do now is to reduce the huge aid missions, the military missions, reduce the size of our embassies. We're going to let them do their thing. That was the idea.

Q: It was sort of benign neglect?

SZABO: Well, Latin Americans understood it as meaning neglect would continue. So that characterized my appearances, several times a year, before Inter-American economic forums and try to defend this non-policy. Although, part of the Nixon speech contained certain goodies we announced, which is always customary. But it was also customary that you always held back a few of them for subsequent announcement at the next ministerial meeting of the Inter-American Economic and Social Council. But this time the White House said everything will be announced in the president's speech. So a month after his, I went to the meeting at the OAS building in Washington and the Latin Americans said, "Well, where's your extra?" And I said, "I'm sorry, this is it."

So, there was a big uproar again. So much so that we had to schedule another ministerial meeting in Caracas two-three months later. In the meantime, we scurried around, trying to find a few odds and ends to announce there. So that sort of characterized a good part of the time I was with the State Department: the Latin Americans banging on the table and the Americans trying to placate them with one hand tied behind our backs.

Q: I would have thought that it's nice to say benign neglect or not in the national interest, but the problem is that in foreign relations, all of us in the trade know, that you try to keep on pretty friendly terms because you're never sure. There are UN votes, all hell can break loose, as did a little later in Chile and all that.

SZABO: Well, you have to separate this inter-American area from the bilateral relations, where we tried to maintain as good relations as possible. This was a period of very heightened economic nationalism, a lot of expropriations here and there, in Chile and Peru and other places. Where we had a lot of friction. But in some countries, like in Brazil, Brazil is a very good example. Brazil, we had basically very good relations. Even Kissinger felt that Brazil was the coming giant and he sort of sought a Brazil-U.S. alliance to influence the rest of the Latins. But we had problems with them on ocean freight rates, on shoes, on soluble coffee that required senior delegations to go down and work something out. I don't know if you've heard of Jules Katz? He was a deputy in E [Economic Bureau]. Jules and I went to Brazil to find solutions. Their economic team in Itamaraty was like a Prussian armed force but in the end we dealt with the chief economic guy there, Delfim Netto. We always struck some kind of a bargain with him at the last minute. Even with a country where we tried to have good relations, we always had economic conflict.

Q: I'm just thinking that, there's the regional organizations and the individual bilateral relations and one can try to separate them but in a way they're not, because relations are relations and everybody knows what you're doing with another country and in a way you have to have something on the regional side, don't you? Can you just say, "I'm sorry, we're not going to deal with the regional people?"

SZABO: Well, no, we didn't do that. As I said, we tried to reach compromises. Charlie Meyer, who was, unusual in a non-professional assistant secretary, he spoke fluent Spanish. He tried to do what he could with no ammunition to speak of, to avoid all these constant conflicts reaching the ministerial level. His idea was that we would try to work things out, try to find practical solutions to practical problems. And that didn't work very well because when it came to the General System of Preferences

Q: This is GATT and the Kennedy Round, wasn't it?

SZABO: Right, the Kennedy Round was on the Hill. That was in '64. Or this maybe was the Dillon Round. In the end, we tried to do things on the economic side. I just remember, when the U.S. went off the gold standard under Nixon and we imposed a ten per cent surcharge on U.S. imports and did not exclude Latin America. So, at the Inter-American ministerial meeting in Panama, which was attended by Nat Samuels, who was the Under Secretary for Economic Affairs, a Wall Street guy, no understanding or sympathy for any of this and he had to come down because there was such a huge clamor about the injustice of this and of course we in ARA agreed with them, because the Latin American-U.S. trade problem, there was no trade problem. The trade problem was in Europe and we worked very hard, after Panama to try to exclude Latin America at least and we were just pushing up the paper to the Secretary when the surcharge was lifted. But it caused tremendous psychological damage to our relations with Latin America because they were not exempted.

Q: The surcharge was designed to stop the Europeans from presenting a closed economy, basically a weapon to stop the Europeans from excluding American goods, wasn't it?

SZABO: I have to tell you frankly I don't remember what was the rationale but the problem was a U.S.-European problem. State Department policy was governed by the GATT principle, that we have to make our trade policy non-discriminatory. That means everybody. And of course when Kissinger finally discovered Latin America towards I believe towards the end of '73, beginning of '74, we were able to beat down the multilateralists and able to do some things with Latin America directly.

Q: You talk about expropriations and problems. You mentioned Bolivia and tin. What was the issue and

SZABO: That was another interesting thing. Disposal of tin from the U.S. stockpile was a domestic issue, essentially. Nixon wanted to dress up the budget, make it look better than it was, by selling these assets. Of course, the tin producers were screaming bloody murder that he's going to do that, we're going to destroy the tin market. In Latin America, Bolivia was the major producer. Of course there's no real sympathy in the U.S. government about Bolivia. Who the hell cares about Bolivia? The upshot was that there was an economic guy, Bushnell, John Bushnell in the NSC, who helped work out the compromise where the disposal was not as large and was stretched out more so we were able to be less destructive as we would have been if the original Nixon plan went into effect.

But these commodity problems came up time and time again throughout the time I was there. I remember in the early Seventies there was a meeting, in Punta del Este, Uruguay again, of a device that Charlie Meyer thought up to solve technical problems and the Latin Americans were still on the warpath. There was a Latin American group within the OAS that insisted on meeting separately from the U.S. There was a U.S. delegation waiting for two or three days, going swimming and having lunches and going to the casino while the Latins are meeting. So finally I went in and I pounded the table. "We pay two thirds of the OAS budget and if you want to have your own meetings, have them on your own time. This is an OAS meeting." And I think I was able, in my non-diplomatic way, to make some of them a little embarrassed. But then we kept talking about, we will not make disposals in the U.S. without prior consultation.

During this meeting then the Brazilian delegate, George Maciel, I'll never forget, the senior Brazilian delegate, who previously was assistant secretary for economic affairs in Itamaraty, so he was an experienced guy, he raised his hand and said he wondered if the Americans could be trusted. "They're here to tell you all these lies. For example, I just received a message from our embassy in Washington that some manganese disposal is under consideration and manganese is a large export from Brazil. The Americans are just liars, we can't trust them, forget it." So, I was surprised and demanded that I was given time to consult with my government. I couldn't believe this was true. And before we're finished he said, "I want my statement in the record." I sent a cable to Washington, asking what the hell is going on? To my great pleasure the next morning there came a cable saying that the Brazilian is wrong, there's no such thing. Some young guy at the Brazilian embassy screwed up, which is unheard of. The Brazilians never make mistakes. Not their foreign service.

Q: They're a very disciplined, highly professional group.

SZABO: Exactly. So then I was elated and said, "Mr. Chairman, I'd like to make a reply." I told them essentially that it was not true and we hadn't done anything. I offered that if Maciel would withdraw his statement I would not insist that my statement be entered in the record. No, no, he wouldn't back off. So I entered my statement on the record also. Nobody's ever looked at the record.

Q: But at least your point.

SZABO: Exactly, that the Brazilians were misinformed, or were wrong. But these things kept cropping up, because the U.S. government is so huge. I came back to some of the these meetings, for example, I went along with Eberle, the Special Trade Representative, in '74 to consult the Latin Americans, to coordinate our actions in the forthcoming trade negotiations. And I'd no sooner come back, somebody comes from E, saying...

Q: The economic bureau.

SZABO: The economic bureau, saying, "Well, you know the chairman of the House Foreign Affairs Committee has mushroom growers on his back. They want to have a voluntary restraint. Would I mind if they push Costa Rica?" I said, "To hell with you, I just came back with Kissinger from the foreign ministers' meeting in Mexico and I'm in no position to accept it. Pick somebody else!" So they got somebody else. As soon as I got back from this meeting, the meeting in Mexico City where Kissinger finally discovered Latin America, in February of '74, and asked, "Would I mind if they impose a voluntary quota on Costa Rican mushrooms?"

Q: I know I was in Korea at the time, I was consul general there and I know that the Koreans grow mushrooms and Pennsylvania was a big problem, all the time.

SZABO: The State Department was worried about its budget. The authorization went through the Foreign Affairs Committee and "Well, it's all right. We talked to them already." Without telling me, they talked to them already. "And then wouldn't it be okay?" "To hell with you, over my dead body, out!" So this was a constant, putting out fires.

Q: Did you get, I can't remember when but in Peru there was some expropriation of

SZABO: Copper.

Q: Copper, was that during your watch?

SZABO: Yes but that was interesting, expropriation issues were handled outside my jurisdiction. Quite interesting. The White House had an Office of International Economic Policy that focused on expropriations and they were doing it with the economic bureau and maybe through John Crimmins, our principal deputy, the political people. I was not involved in that.

Q: Were you in Latin American affairs at the time Allende came to power?

SZABO: Oh, yeah, I was there from '69 to '74.

Q: How did that hit, because that must have been a very upsetting thing within the Latin American context.

SZABO: Again, see that was handled by Crimmins. The CIA guy with his briefcase went to his office.

Q: Within the greater body Latin America, you must have felt people, other representatives were watching how the United States would deal with this matter.

SZABO: There was one of these Inter-American Economic and Social Council meetings in Bogota. Allende was still there. The Chileans were the chief instigators of the Latin American position. So we painfully constructed a set of agreements to try to compromise across the board, all existing economic issues and economic problems. And I constantly asked for additional authority to do these things and we basically had pretty good package, in a U.S.-Latin American context, when the Chilean delegate single-handedly destroyed the agreement. I remember one by one he shamed the Latins for joining us and they destroyed that agreement. Afterwards, I congratulated him for his one-man performance, how he could do this.

Q: What was the result of the destroying of the agreement?

SZABO: Life went on. That was like '73, I think. '74, the big event was that Kissinger finally discovered Latin America. Starting in November, December, we started meeting with him to develop a new U.S. policy and we put in bits and pieces, we started meeting every two weeks and then several times a week. Nixon was sort of dying politically, Kissinger was doing anything he wanted. It was interesting. I asked him something, he said, "Oh, don't worry about it. I'll tell Nixon later." So he was looking for an overriding principle. The original proposals were not jazzy enough for him. "Western Hemisphere Economic Community," that was his personal contribution.

We kept telling him, that may not sell. So we went down to Mexico and we're sitting at this round table in the Ministry of Foreign Affairs, all the foreign ministers of Latin America and there Kissinger holds forth his new U.S. Latin American policy and other foreign ministers are too polite, they're afraid to tell him to go to hell. And it came to this British-educated leftist foreign minister from Guyana, with a British accent. He told Kissinger, "You go fly a kite. This is neo-colonialism. To hell with it!" We tried to tell him and he wouldn't listen. And he got so pissed off, he went back to Washington. But, finally the fact the U.S. discovered Latin America then was an important, positive event, followed by this trip with Eberle, the STR.

Q: Special Trade Representative.

SZABO: Right, and a senior delegation to see how we could work together in Geneva, as an indication of our desire to help solve our problems through the GATT and do anything, working to support their issues with other countries and so on. Which was also not a huge success but it was a gesture by the U.S. towards them, because some countries, like Argentina, Venezuela, misunderstood. Sitting in a room like you and I in Buenos Aires or Caracas the chief Latin Americans were reading a UN speech about American exploitation and imperialism, which is not the way to do it. In Venezuela, too, Caracas, the guy has Che Guevara behind his desk and reading a speech about American imperialism and exploitation.

The only people who understood was Brazil. They were prepared, they knew their commodity issues and they had a gamed their strategy for Geneva. They were the only one, our whole consultations, that made any headway.

Q: These speeches, basically political speeches

SZABO: In private.

Q: In private, reading you out and all, the attitude must have been, on your part, well, screw them, they're not serious.

SZABO: ARA had some substantive history with these people. The people who were not Latin American specialists, from the Special Trade Representation and the economic bureau. It's interesting, in STR we had a friend, the deputy, Harold Malgrem. Eberle was a businessman but Malgrem was a trade guy and he gave us a lot of support in interagency hassles and on this trip he understood what was going on. So we didn't let things get out of hand. He helped very much and I think he was very impressed with the Brazilian operation, the only ones that were really prepared to play this game. We were trying to treat them as maturing partners and they were really not ready for this, except for Brazil.

Q: I take it Cuba was out of the game?

SZABO: Yes.

Q: What about Mexico? Normally Mexico, we have these very close relations with Mexico but as soon as you get into foreign affairs, over the years, this may be changing now, this has been sort of handed over to the leftists, almost as their playground, because for our point of view it really didn't make a hell of a lot of difference. How did we deal with Mexico?

SZABO: I think no differently than other countries, except that we had constant problems at the border, because they were on the border, investment problems, trade problems, immigration problems, drug problems. All kinds of problems all the time. But at the same time, it's interesting that even though Latin America does not bear a heavy weight, a significant weight in U.S. government considerations, no matter which administration is in office. There are some exceptions, when the president personally is interested. But in the terms of the weight of American government assessment and those who have to deal with the world around them, Latin America is a marginal concern, except that any time Mexico gets into trouble economically the Treasury will do anything to bail them out and will. For whatever reason Treasury used the Exchange Stabilization Fund, billions of dollars to stabilize the Mexican economy, because there's a concern what will happen if Mexico gets things got worse. Maybe we do this for domestic political reasons. But the Congress doesn't have a say in this. Remember, the last time, during the last Mexican currency crisis, the Secretary of the Treasury went ahead and helped them out and Helms and these crazy people on the Hill were ready to impeach him for doing this. But he saved the situation, the Mexicans paid up, because they also understand the crucial nature of our relations. Even though most of the relations with Mexico are aggravating, in the balance there's concern. We don't want the collapse of the Mexican state.

Q: You were supported by sort of our economic apparatus, both in the bureau and in our embassies.

SZABO: In the bureau I had an office, ECP, it was the regional economic office of ten, fifteen people. They were the basically only people who worked for me directly, although I was involved in all these other economic issues. Charlie Meyer and Crimmins helped me as much as they could but I had no support from E. If I was a Foreign Service Officer I would have kept my nose clean and said "Yes, sir!" all the time, but I wasn't. I constantly spoke up and of course I lost ninety per cent of the time, when it came to, for example, the U.S. had these restraints on meat imports, because anything south of Panama was excluded, because of hoof and mouth disease. So Costa Rica, Central America was clean, Mexico was clean, because of things that were done

Q: But Argentina was not?

SZABO: No, no, no, Argentine meat was considered bad. They sent most of their meat to Europe. Some meat came to the U.S. in canned fashion, canned and cooked, but not fresh meat. I have my suspicions about that but anyway that was the official brief and there was already the case, we had to increase our imports and so I said, "Let's give Costa Rica a few thousand pounds" and Jules said, "No, no, no, no." So I fought him up to Nat Samuels, the Economic Under Secretary and all they could say is "New Zealand and Australia are ready to send troops to Korea and Vietnam, we have got to help them" and that was it. So except for Malgrem in STR and this guy John Bushnell in the tin case, generally speaking we had no support from the U.S. government. Sometimes NSC guys, the political guys, helped but not all the time. The economic guy, Bob Hormats, who's now chairman of one of these big Wall Street firms, Goldman Sachs, he's always consulted by the TV networks on international economic problems. He was the biggest coward while on the NSC staff. He would not stick his neck out for anything.

So basically, for obvious reasons, whether it's economic worries of Latin America, or multilateralism, or political considerations, Latin America was not on the radar. We had a coffee agreement, the International Coffee Agreement, which is important to some Latin American countries and also involved perpetual battles. Jules Katz took me with him to London only in '72, when we decapitated the coffee agreement, removed the quotas.

Q: Why did we do that?

SZABO: The quotas are designed to stabilize coffee prices and usually when coffee prices were low of course the Latin Americans wanted to have the quotas, when coffee prices were high they didn't want to have the quotas. I was on a trip with Secretary of State Rogers, before Kissinger came. In lieu of policy, we traveled to ask them: "Tell us about your problems." We asked the Latins, high-level delegations, several times. So this was one of these trips and I went along. Before Bogota, I was allowed to enter the front of the plane to brief the Secretary and Under Secretary Casey. By the way, I have to tell you, that Casey who became later Director of the CIA, he was Under Secretary for Economic Affairs, terrific guy. I was supposed to talk about, for five minutes to them, no more, because Rogers' eyes would close, about the coffee agreement. So I told him we had this agreement, seeing we were flying to Colombia, it's very important to them and Brazil and Central America. And he started: this was an antitrust kind of a thing, it's a terrible restraint of trade and how can we support this? Not understanding at all, the history of the thing. But I informed him, to his great relief, we just came back from London with Jules Katz and we destroyed it. It's still there but it has no fangs. That's my experience with Rogers, the only time he had me on his trips.

So the economic things, Latin America has never figured in a serious way. Except during World War Two, long before my time.

Q: Was Senator Javits still in the Senate at this time?

SZABO: Oh, sure, he was a senator 'til '80.

Q: Did he play a role in the trade side, in Latin America?

SZABO: My background was Southeast Asia, Far East, in graduate school and after I was rescued from the Commerce Department in '63 I became his Latin American economic advisor, so as a result by the time I left him I was a Latin Americanist. So during the time I was working for him I wrote speeches several times about Latin America economic issues, the Alliance for Progress and other things the formation of a Latin American common market and that kind of thing. Then we went to Latin America in '66, to Chile, Brazil, Peru and Argentina. But I had no contact with him, in a substantive sense, once I left.

Q: How about this trip of Nelson Rockefeller, that Nixon sent him on, early on in his administration? How was that viewed by the Department, by you? It was

SZABO: A pain in the neck! A bunch of amateurs, working the same ground!

Q: I heard basically the same story of people at various embassies. They would come and they would say, "We don't want to talk to you at the embassy" and they'd go off and they were

SZABO: Rockefeller has a long history in Latin America and I don't know why, maybe Nixon gave him a concession to let him do this. Jerry Levinson was on this trip, Jerry Levinson who later ended up ended up working for Senator Frank Church. You remember Frank Church, his investigations about the CIA in Chile and AT&T and all the multinationals? So that basically the Rockefeller Report didn't break any new ground. There were several recommendations we put into the exercise, essentially it delayed us for months. For six months we had no policy because of that, because the White House said, "Meld them together, don't come up with separate recommendations," because they didn't want any additional work. They wanted us to do the work and we did what we could.

Q: You left there in '74. Have we covered everything, pretty much, do you think, during this '69 to '74 period.

SZABO: Essentially I think, yes.

Q: What'd you do in '74, then?

SZABO: In '74 I got a job in the Inter-American Development Bank. I spent the rest of my professional career there.

Q: From when to when?

SZABO: From '74 to '95.

Q: Let's talk about, how do you refer to it?

SZABO: The IDB.

Q: First place, what's the basic role of the IDB?

SZABO: The IDB's a regional bank, like the Asian Bank. We do very similar things as the World Bank, except that the IDB was a pioneer in the social area. The World Bank only invested their funds in hard projects paving roads, electric power and that kind of stuff and the IDB pioneered the social area: education and water and sewer projects, health, things of that sort.

Q: What sort of things were you involved in?

SZABO: Well my job was essentially, I was senior advisor to the Manager of the Economic Department. There's an economic department in the Bank. I was essentially like an assistant to the manager. Even though my focus was under him, I was also working for the President of the Bank, I wrote speeches for him, important international speeches.

Q: Who was the president of the Bank?

SZABO: Antonio Ortiz Mena, a Mexican. I was still in the State Department when we discovered that the Secretary of the Treasury called up Mexico and picked Ortiz Mena as president and that was it. There was no consultation with the State Department. So we screamed bloody murder. And of course there was no consultation with the Latins, either. There usually is a process of let names bubble up and the Americans say, "No, no, maybe, yes." And this was just Secretary Kennedy, David Kennedy, just picked him and that was it. So Ortiz Mena and then after Ortiz Mena came Enrique Iglesias, who's still president today.

Q: What was your impression of the two presidents?

SZABO: Ortiz Mena was a typical Mexican, the way he operated behind seven veils. He was never out front on anything. He liked to operate in the background and pull strings. And Enrique Iglesias is an intellectual and a very people-oriented person, although lately I was less crazy about him than I was in the beginning. He was received as the savior of the Bank and in the end he succumbed to the realization that the U.S. dominates the Bank. It was the only donor member, from the beginning until the end of the Herrera era, Felipe Herrera was the first president. The U.S. was the only capital source of the Bank. Towards the end of the Herrera regime, the U.S. felt able to start broadening the base of contributions, first Canada and then Europe and then Japan. The Latin Americans also looked at this as a sellout and further evidence of our disengagement.

Q: Did you feel that the Latin American countries were beginning to, use maybe the wrong term, but to mature, in other words to make their contribution or was this treated sort of as a place to get things rather than a place to help other places?

SZABO: I think it's basically the former. Every four or five years its capital resources had to be replenished, mostly with hard capital and some of it was soft money, the FSO (Fund for Special Operations, which were appropriated funds, mostly from the U.S.). And usually part of the deal was that Brazil would get so much and Argentina so much and Mexico so much and the second tier countries less. There was some quiet understanding who would get what and then they supported it.

Q: There must have been an awful lot of deal making in the Bank, "I'll help you get money for this if you help me get money for that" and all,

SZABO: Yes, yes, I guess so. This probably goes on in all the international banks, to some degree. There's a very, quite a vigorous review process for loans in the Bank, largely at the U.S. insistence. During the time of Herrera, he was operating as a wheeler-dealer, he was handing it out like it was his money. He was inventing the Bank and he was very good as an inventor of the Bank. The U.S. opposed the formation of IDB to the very end before it was formed on the grounds that we already have the Ex-Im Bank and the World Bank, there's no need for this. But when Castro came into power, suddenly the Eisenhower Administration "Oh, yes, yes, we need this" because they wanted to counter Castro, backing social development in Latin America. So during Mr. Herrera's era, he tried to placate everybody with a loan here, a loan there. But by the time I came there, there was a rigorous loan review process, chaired by the American executive vice president. The executive vice president is always an American, who chaired the loan committee and made sure that the loans were as good as they can be done, that everything was considered and if the institutions are weak, repair the institutions first and so on.

Q: During the time, up to the mid-Nineties, when you were there, from '74, twenty years, the Soviet Union disappeared from the scene and the end of the Cold War. Did that make a difference? Had we found ourselves supporting projects that might have been dubious, except that the Cold War connection made them more popular?

SZABO: Well, I don't know. I think that, as I say, until recent years, the Bank was a source of funds for social projects, essentially I guess to try to make sure that there were benefits to the poor people of the region, so Castro's siren call and so on will not fall on receptive ears. But I don't think we worried too much about the Soviets themselves or the Cold War. Peru, during the military regime, they got MiGs from the Russians, we didn't like that. But there was really no Soviet, serious Soviet activity, except a couple of submarines in the Gulf of Mexico, which was not our concern, that was a Defense Department concern. I don't remember too much concern about that.

Q: During the Eighties particularly and 'til the end of the Nineties there was a major change in Latin American leadership, going from military dictatorships to democracies. Was this something that the IDB was looking at, to try to say "Well, let's prop up this country or that country for political, they're moving, we want to make them go democratic" or not, rather than just the economic?

SZABO: Well, during the period of the Eighties the main concern was the debt crisis and that was devastating. Latin American countries lost twenty years of development during that period. It was terrible.

Q: Were we seeing, this was what, basically American banks lending money

SZABO: Everybody and his uncle. You had the feeling that Chase Manhattan Bank was shoveling money out of airplanes. In Buenos Aires Citibank gave the Argentines a $200 million loan but Chase Manhattan was there, gave them $300 million. Since this was considered "sovereign debt", such loans were repaid. There was none of this careful scrutiny of ability to pay all this back. All that caution that you and I have to go through when you get a $30,000 mortgage on a house, out the window, out the window. It was competition. Besides, the official U.S. line was that the function of the Western financial system was to recycle petrodollars.

Q: This was money that was, Arabs, out of the increase in oil things.

SZABO: That's right and basically the Brazilians were more hard headed than some of the others. The rest were very happy.

Q: Was your outfit, the IDB, making noises about, "Hey, wait a minute, what's this all about?" Was anybody calling, flagging this and saying this was a pretty serious thing, or

SZABO: You mean the indebtedness?

Q: Yeah.

SZABO: Probably to some degree but it fell on deaf ears because the Latin American governments tried to maintain standards of living as they were before the debt crisis. The whole idea it would cause further internal difficulties if increased oil prices were to reduce the standard of living. They just tried to maintain it and of course we were affected by their difficulty in paying back loans. We had a very strict rule at the Bank: if you default, no more IDB loans until they were repaid. So certain games were played to make sure that a country was not in default. Basically we had no default during this difficult period for Latin American countries. I'm sure that we tried at least to talk to finance ministers privately but this was a general craze in a region trying to stay afloat by any means possible.

Q: You say that it set them back maybe twenty years.

SZABO: The middle class was destroyed, essentially, in most countries and only in the last few years they've started their comeback. In the meantime, the Bank became a very large bank. Now we have capital of one hundred billion dollars. It's supposedly sufficient that there'll be no need for any further replenishments, that the repayments will be sufficient to maintain satisfactory lending. As a matter of fact, what I hear is that now the principal emphasis is on strengthening democratic institutions and social institutions. As a result, the bank lending dropped severely and I remember when I left we were lending less than seven billion dollars a year.

You have to keep in mind, seven billion dollars is nothing compared to the capital requirements of South America. Brazil alone, needed sixty billion dollars a year, by itself. So the bank was not crucial, except for the middle and small countries. The bigger countries had to go look to capital markets to get the money.

Q: How'd you find working in this international organization?

SZABO: Well, it was very different. I thought that the U.S. bureaucracy was pretty bad but an international bureaucracy, particularly a Latin bureaucracy, is far worse. There's a lot of politics in staffing and...

Q: A lot of nephews of

SZABO: Ministers? Not a lot. Some. A Brazilian always has to head the Operations Department and the Americans always head all the key departments: the executive vice president, the legal advisor and the finance manager, plus the U.S. executive director, who was there, too. So the Brazilians got Operations and the Argentines got another department. So there was some of that. Ortiz Mena was in charge of that. He was the main handler of these things. But then during my six years there was a major reorganization. The new vice president that came in was a protï¿½gï¿½ of Deputy Secretary of Treasury Larry Summers, a woman. For example, they announced that there will be no more permanent employees from then on, there'll be only contract employees. They were hell-bent to increase efficiency and cut down long-term employment and expenses.

So I don't know what that is going to do to them in the long run. The new lending approaches and this no permanent employees policy is going to have an impact on the Bank's reach. A new administration will come in, like the Bush Administration. They're going to say: Why do we have two World Banks, one the World Bank, the other the Inter-American Bank, doing essentially the same thing? Why don't we just have one? It gives that impression. And now, we are doing things very similar to the World Bank.

So I think that the Bank is a useful tool of American policy, because in name it's an Inter-American organization and in name it has a Latin American majority, even though in reality American influence is determining. It has served a very valuable economic purpose, if nothing else then reflowing some dollars to the region, in exchange for all the outflows from the region through trade and investment income. It serves as a useful instrument for the U.S. and is far more important than U.S. bilateral economic aid to Latin America. So I think it's very useful today and will be in the future, if it's kept in existence.

Q: Did you find it difficult to work in this thing? Were you fighting the bureaucracy most of the time?

SZABO: Not most of the time but often, yes. One example, the Canadians are doing a study of regional banks and a study was done of the IDB, also and, of course, the bureaucracy was unhappy about it. But President Iglesias felt it was better to cooperate than not and he put me in charge of this exercise. So, the first meeting, the Finance Department guy said, "We're not going to give you anything" and some of the others said the same. So I went back to Iglesias and said, "Look, these guys are not going to play. You better have a meeting and tell them yourself." And he did and there was no problem after that. There was a lot of cooperation and essentially the Canadian evaluation of the Bank was fair and balanced and we had no problem with it. But as I said they're defensive, always worried about somebody getting them in trouble from the outside.

Q: Now, were there any countries that gave more trouble than others, from your perspective?

SZABO: No, I couldn't say.

Q: You left there in

SZABO: '95.

Q: What'd you do?

SZABO: Since then? Well, of course, the interesting thing, speaking as one retiree to another, of course what happened is that the last year there you begin to worry, what am I going to do? And of course everybody treats you like a leper, because you are going to retire. People kept asking, "What are you going to do?" But then I got sort of mad and I prepared a list of things I was going to do. And actually two years before, I had, for example, what is still my main activity, I got involved in the American Jewish Committee because they're involved in human rights, social justice and they're a very classy outfit. They don't bang on the table, they operate behind closed doors and they have access to governments around the world. So I started getting involved with them and still it constitutes my main activity. As a result, now I am a member of the board of directors of the Washington chapter and I'm co-chair of the public policy committee. We focus on lobbying our issues in Annapolis, DC and Virginia. So I'm now, particularly January through April, I spend the bulk of my time going to Annapolis to meetings with different coalitions, fighting our issues in Annapolis. So that's one activity. Then I did tutoring in a DC public school and I formed a book club, a men's book club, just men, in addition to other clubs my wife and I belong to and play tennis and sail boats. So I'm pretty busy most of the year except July, August, summertime and things are too quiet.

Q: Well tell me, something that's always, I have a question on and that is: the Jewish community generally focuses on civil rights and human things and all that and yet you have, I've never served there, had nothing to do with it, Israel is not the most benign little state. It's been called racist, which seems to hold up fairly well. It's using policies which really smack of what the Nazis, during occupation

SZABO: Well, look, I am of course prejudiced. I find what you just expressed completely unacceptable, because the way I see it is that Hitler almost succeeded in destroying this people. For the first time in five thousand years they got themselves a little place, a most unfortunate place but historically of crucial importance to Jewish memory and they've been fighting to stay alive ever since. And to this day if the Arabs could have their way they would destroy Israel. So basically, unlike historically where they have taken, been persecuted, expelled from Portugal in 1492 and all the way through history in Christian Europe, they refused to lay down and began to fight. Against the British first and then against the Arabs, all the Arabs against them and they beat them all, this little population of three million in a sea of one hundred million Arabs, mostly living in the Stone Age except the rich Arabs and waste oil money in the casinos on the Riviera. So that doesn't mean they're angels. They don't treat their Arab citizens as equals, inside Israel. But even though it's not the focus of my attention, I've always admired them, how they rescued the hostages in Entebbe and bombed the nuclear plant in Iraq.

Q: To me, this is far afield but I think, at the same time I think, for the purposes of what we're doing here I think it never hurts to sort of dip a thermometer into issues that are really still going on today and that's why I'm raising this, because you are on these committees. To me, it seems the colonization policy, the West Bank and Gaza Strip, of putting colonies in was a very aggressive type of policy.

SZABO: Look, when we win the wars, nobody questions about what we do. The Arabs tried to destroy Israel in '48 and I don't know how the Israelis withstood them. But they won this war and they basically had any right to do what they wanted to do and so when the Palestinians are making demands, to me this is outrageous. Israel could have walked all the way to the sea and destroyed them all. But they didn't, not because of their warm hearts but because they felt it was unacceptable internationally. So, certainly, when you look at it today, when you look at those settlements on the West Bank are an obstacle to making peace. I don't see the Arabs or the Palestinians making too many concessions, from a position of weakness.

To me, it's absolutely amazing. Arafat has no serious army, who has no economy, nothing and he is ranting and raving about all these injustices, when in their heart all they want to do is destroy Israel. They don't want peace. And I have no sympathy for Arafat.

At some moments I say, "Okay, Israel cannot live like this the rest of its history. It becomes another Sparta. They've got to have peace, too, especially now, in the twenty first century." When I was growing up they were exporting oranges. Now they're in the age of computers and everything, they became, huge computer enterprises, global computer enterprises, sometimes.

All this oil money that the Arabs have, don't see anything. There's no result. When I look at Venezuela, forgetting the Arabs. I remember, going back to my Latin American experience, all these years 95 per cent of government revenue in Venezuela was American oil company taxes and they did nothing with it, except build some completely inefficient aluminum and steel enterprises, that cannot function in an unprotected atmosphere today. Mexico, too.

So I have no sympathy for these people because they do nothing for their own people. Even at my dark moments I say, "Why should we help Mexico?" The only result of this great new NAFTA is, what happened is, they used to have two billionaires there, now they have 22 and we're still supposed to support them, the U.S. and the IDB and the World Bank, while their oligarchs are doing nothing.

Q: I'm provoking you because I feel it's a perfectly valid issue to raise on this and I think all of us have trouble about why is it that the United States is always sort of put in the position of doing something and other countries don't use their resources well.

SZABO: Look, I have to [end of tape]

Q: You're saying you're giving me the European view?

SZABO: Yes, I was born in Hungary, so I have a different view. I have a child's adoration of the United States and its ideas. But, I'm also cynical about things, all these wonderful things we do. I mean the Marshall Plan was done - thank God for Truman - because if you'd let Europe go to the Russians, it would have ended up terrible for U.S. interests in the long run. And for the visionary action. NATO is there partly to defend Europe against the Russians, but also they're a very useful instrument for American control of European policy.

Q: Absolutely.

SZABO: I certainly hope that people who sit in the bowels of State Department and NSC, are really Machiavellian strategists who were not influenced by how wonderful the U.S. is and other kinds of things, were thinking about what you have to do. That they think about things we do not because we want them, but because we are doing it because it is necessary for our long-term survival. I certainly hope so. I don't feel the United States is such a wonderful actor on the world stage, because even though... I mean in the sense that you're talking about... provide foreign aid, who gives more? I mean percentage wise we're the lowest among the most powerful, industrialized countries.

Q: Yes, Sweden gives more.

SZABO: And Norway and the Dutch. I mean percentage wise. Percentage wise, it's high. But dollar wise, we're still the most. The way the world is constructed the U.S. is a necessary mechanism, necessary power, to make sure the world doesn't go over the deep end. That's our role. And to say it's been imposed on us is nonsense. The guys who have to pull the levers are happy to pull the levers.

And I think very often I've seen people in Treasury acting in a most arrogant fashion towards the Latins. Forgetting about the real power for people, you know, Europe and others whom you can't ignore so easily. For example, we used to send third-level delegations to Ministerial meetings, from the Treasury. Deputy Assistant Secretaries and Assistant Secretaries went to those meetings. Except when Shultz was Secretary of Treasury. You remember George Shultz?

Q: Oh, yes.

SZABO: He was the only one, Treasury Secretary who came down. David Kennedy came down and sat like a pasha in his hotel room and the Assistant Secretary was running the U.S. delegation. But George Shultz, he came and sat down with the Ministers, took his jacket off, things like that. So I don't know, I hope that people in policy think as realists, and do things because it is necessary for us, not because we are such wonderful people. We happen to play a historic role right now. Who knows what's going to happen after? Right now we are a dominant power, but once the Russians will come back, and they'll be a player. And then they'll be a pain in the ass.

Q: When I started this oral history program in 1985, my astute reading of the situation was the United States has reached its apogee in world affairs, and obviously countries like the European Union, the Soviet Union, Brazil, Japan. These are going to come up as... So I wanted to document those people who were running the United States when it was at its apogee.

And a funny thing happened. I meant, we're still at that apogee. It's obviously not going to last. And in a way it means I've got a longer run, of people who were involved in...

SZABO: Actually I think it would be useful if there was a conduit like the European Community. Not the French style, but to make American foreign policy more nuanced, more ingenuous and not simply a question of the elephant stepping on the bug. Today we are outnumbering our opponents by weight.

Q: Okay. Well, we'll end this at this point. Great.

End of interview